

Good Corporate Governance Supporting Elements

PT Astra Otoparts Tbk

www.astra-otoparts.com

In addition, management already established supporting organs as working units to control, supervise and be held accountable for the implementation of GCG and also at the same time to act as a business partner for a committee under the Board of Commissioners.

A. AUDIT COMMITTEE

Astra Otoparts' BOC established an Audit Committee in accordance with Regulation No. IX.I.5 Appendix to Decision of Chairman of Bapepam-LK No. KEP-643/BL/2012 dated December 7, 2012 concerning Establishment and Implementation Guidelines for Audit Committee. The Company's Audit Committee has three members consisting of an Independent Commissioners as the chairman and two independent external members.

Roles and Responsibilities of Audit Committee

The key role of Audit Committee is to assist BOC in performing their supervisory responsibilities on methodology and process of financial statements preparation, risk management, audit and compliance with the prevailing laws. In performing its roles, Audit Committee works closely with Board of Directors, Corporate Internal Audit, Risk Management, Corporate Legal, and the Company's external auditor.

Audit Committee conducts supervision on the following:

1. Financial Statements, including credibility and objectivity of the Company's financial statements to be published to outside parties and legal entities/regulators, including follow-up on any complaint and/or notes to differences in the report while being reviewed by Audit Committee,
2. Risk Management and Internal Control, including adequacy of processes to identify and mitigate financial and business risks,
3. Activities Assurance, including plans and results of activities undertaken by Risk Management, Corporate Internal Audit, and external auditor to assess whether the key risks have been identified properly and evaluated based on their job performances,
4. Objectivity and Independency of internal and external auditors,
5. Legal, including progress and reporting of significant legal cases in Astra Otoparts and its subsidiaries,
6. Compliance with the prevailing laws and regulations as well as the Company's code of conduct.

Authorities of Audit Committee

In performing its roles, Audit Committee is entitled to do the following:

1. Accessing the Company's necessary documents, data, and information regarding the Company employees, funds, assets, and resources;
2. Communicating directly with employees, including Board of Directors and personnels of internal audit, risk management, and external auditor related to roles and responsibilities of Audit Committee;
3. Involving independent parties outside Audit Committee members to assist the implementation of its roles (if required);
4. Other authorities granted by BOC.

Independency of Audit Committee Members

To maintain independency in its conduct of work, Audit Committee Chairman originates from the Independent Commissioner of Astra Otoparts. The other two members of Audit Committee are personnel originating from external parties who are independent, and have no relationship, either directly or nondirectly, with the Company. Therefore, all Audit Committee members already meet the required criteria of independency, skills, experiences and integrity required under the prevailing laws.

B. INTERNAL AUDIT

Corporate Internal Audit is management's partner in achieving the Company's goals by performing audit and consultancy functions in an independent and objective manner. Activities undertaken by Corporate Internal Audit are categorized into regular audit, special audit, IT (Information Technology) audit, follow-up monitoring, internal control socialization and audit development.

Regular audit is conducted based on annual audit plan (RAT) which sets the focus and direction of audit activities during the year with audit priorities based on risk assessment result. Special audit is not included in RAT but conducted by request of Board of Directors or prioritized due to the urgency level. IT audit is performed on IT system to ensure that IT control has provided reasonable assurance for assets security, data integrity, provision of effective information and efficient use of resources.

Corporate Internal Audit monitors follow-up on audit results to ensure that recommendations for improvements that have been agreed are actually implemented in a timely manner according to audit commitment. Corporate Internal Audit is also actively involved in socialization activities in order to build awareness about internal control that are conducted in internal forums.

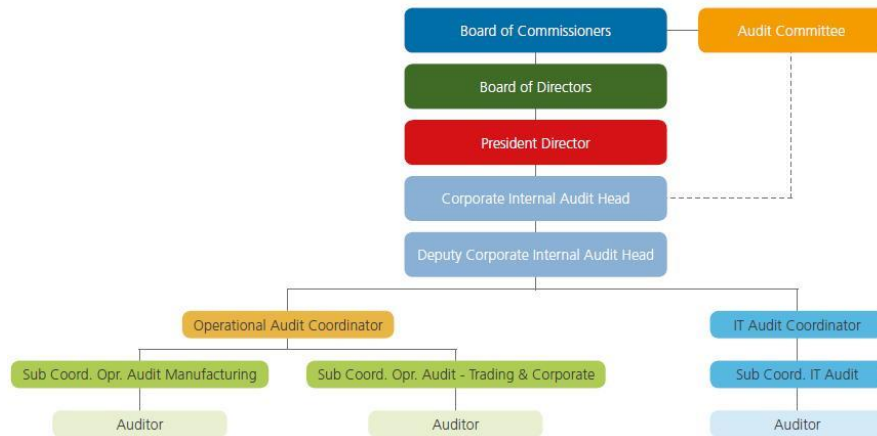
Internal Audit Charter

To perform its functions in an independent and objective manner, Internal Audit Unit maintains an Internal Audit Charter issued by Board of Directors of Astra Otoparts approved by BOC on 29 July 2007.

The Internal Audit Charter serves as a reference in performing all internal audit activities. The Internal Audit Charter also established the structure and position of Internal Audit Unit, roles and responsibilities, authorities and code of ethics of Internal Audit Unit, requirements of auditors to be positioned in Internal Audit Unit, accountability report of Internal Audit Unit, and prohibition of double jobs for the positions of auditor and the executing personnel in Internal Audit Unit for the implementation of operational activities either at the holding level or at the subsidiary/affiliated company level.

Internal Audit Organizational Structure

Internal Audit Unit immediately reports to Board of Directors and provides periodical reports to Board of Directors and Audit Committee with regard to the findings and recommendations already performed.



In performing the activities, Internal Audit refers to the Basic Guidelines of Internal Audit and adopts the approach and standard methodology as required for the companies within the group of PT Astra International Tbk. The Company is continuously making efforts to perform the audit development by among others using the tool improvement and audit methodology and enhancing the auditor quality.

C. RISK MANAGEMENT

Risk management is the process of managing risks covering the identification, evaluation and control of risks potentially disrupting the Company's activities, and business sustainability, and leading to failures in achieving the Company's goals. Risk controls should be performed by adopting a structured approach starting from assessing the risks, developing the strategies to manage such risks, and mitigating the risk by utilizing the resources owned by the Company. The strategies employed may include transferring the risks to other parties, avoiding the risks, mitigating the negative impact of the risks and accommodating a portion of or the entire consequences of certain risks. Well functioning risk management will be a strategic partner for business units to achieve optimal performance.

Risk Management Activities

The condition of the automotive industry environment that continues to change dynamically emphasizes the importance of reliable risk management. The Company must continue to perform systematic actions to identify, measure, evaluate and manage the various existing risk factors, particularly strategic and operational risks. The Company conducts four steps of risk management methodology which are Risk Assessment, Business Continuity Plan, Insurance Review, and Whistleblowing System.

a. Risk Assessment

The risks that each business activity may be exposed to are generally originating from the uncertainties which result in decreasing profitability and which even may lead to losses. Accurate and comprehensive risk identification is of a significant importance, among others by gathering much information at the most possible extent through survey, interview, historical data, and brainstorming.

b. Business Continuity Plan

Business Continuity Plan (BCP) is a guidance to ensure the Company's continuity of operations during a disaster or unexpected situations so as to minimize the impact and losses incurred.

c. Insurance Review

Insurance Review is designed to ensure that the Company's insurance programs have been properly managed either in terms of the risks covered or the sum insured.

d. Whistleblowing System

Whistleblowing system is an alternative mechanism for employees to submit information which is expected to support the GCG development in the Company. Improvement and socialization of whistleblower system was conducted continuously reached out to the consolidated subsidiaries.

D. PLAN-DO-CHECK-ACTION MANAGEMENT

Plan Do Check Action (PDCA) Unit facilitates the Board of Directors of Astra Otoparts and management of its subsidiaries to prepare strategies, either long term or short term, specific programs to achieve targets, and Key Performance Indicator (KPI) for each company.

The role of PDCA Unit starts from facilitating the Executive Meeting of Astra Otoparts' Board of Directors and management of subsidiaries to set the strategies within the coming one to three years. In this regard, PDCA Unit assists to align between the strategies of the Company and the subsidiaries, as well as to coordinate the related subsidiaries to achieve the optimal results as expected by the stakeholders. The strategic planning is discussed in Planning Cycle which is generally started with Preliminary Executive Meeting in June.

The meeting results between Astra Otoparts' Board of Directors and management of subsidiaries in Preliminary Executive Meeting shall then be discussed in each company to solicit feedback to be escalated to the First Executive Meeting in August. The First Executive Meeting involves Board of Directors and management of subsidiaries. The outcome of the First Executive Meeting is a three-year strategic planning already approved and agreed upon by Board of Directors and management of subsidiaries.

The three-year strategy of each company shall then be elaborated to one year activity and budget plan and be collectively approved in Second Executive Meeting in November. Beside from Board of Directors and management of subsidiaries, the Second Executive Meeting is also attended by the Company's partners, particularly those from joint venture companies.

PDCA Unit also facilitates the monthly reviews conducted by Board of Directors to monitor the project progress and implementation of each subsidiary's activity plan and also assists to follow up the recommendations provided by Board of Directors in ensuring the subsidiaries to reach the agreed upon targets.

E. CORPORATE SECRETARY

Corporate Secretary is appointed by and directly reports to President Director. Corporate Secretary's role is to ensure smooth relationship between the Company's organs, the Company's relationships with Financial Services Authority, capital market, shareholders and other stakeholders. Corporate Secretary should also ensure that the Company continuously complies with the prevailing laws and regulations.

Corporate Secretary is responsible for organization of documents and information related to the Company's compliance with the laws and capital market regulations and support for performance report accountability and the Company's responsibilities to stakeholders.

Confidentiality and Disclosure of Information

In classifying the types of information, Astra Otoparts always refers to the prevailing rules and regulations. Nonconfidential information should be published and accessible through the media and facilities relatively sufficient for public as stakeholders to access such information without being subject to any charges. Non-confidential information should be immediately informed to stakeholders if pertaining to quick decision making process made by the Company.

All employees of Astra Otoparts are prohibited from taking actions or behaving in such a manner that may incur losses for the Company due to disclosure of either a portion of or the entire of information to external parties including business partners, customers (main dealers) and suppliers.

Employees are prohibited from disclosing, disseminating a portion of or the entire confidential information pertaining to the Company's projects, intellectual property rights, patent rights, and the Company's business plans illegally without any written consent from the Company. Any violation against and deviation of the availability, confidentiality and transparency of information shall be subject to sanctions in accordance with the Company's regulations.

To obtain information regarding Astra Otoparts, the Company opens wide the information access for stakeholders, public and investors through the website www.astra-otoparts.com containing the latest information such as Company profile, product information, corporate news, financial statements, corporate actions, implementation of Good Corporate Governance (GCG), Corporate Social Responsibility (CSR) and others. The information in the Company website is presented bilingually (in Bahasa and English) to facilitate public in accessing such information while at the same time also serving as GCG practice adopted by the Company.